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Mortgage rates just hit a high not seen since the 2008 housing crash

Alcynna Lloyd and Jacob Zinkula Sep 11, 2022, 7:45 PM



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The US 30-year, fixed-rate mortgage has reached its highest level since 2008.

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More interest rate hikes are on the horizon and that means mortgage rates could climb further.

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Mortgage rates just hit a high not seen since the housing crash of 2008 — and more hikes are likely throughout the rest of 2022.

The average U.S. fixed rate for a 30-year mortgage rose to 5.89% this week, according to a Thursday [report](#) from Freddie Mac. That's significantly up from a pandemic low of 2.68%



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It's also the highest mortgage rate [since 6.52%](#) in 2008, a time when a combination of cheap debt, predatory lending practices, and complex financial engineering triggered a foreclosure crisis that gave birth to a global recession.

Sam Khater, Freddie Mac's chief economist, says the uptick is attributed to economic volatility that is seeping into the US real estate market.

"The combination of higher mortgage rates and the slowdown in economic growth is [weighing](#) on the housing market," Khater told Insider. "Home sales continue to decline, prices are moderating, and consumer confidence is low."

Throughout 2022, the Federal Reserve has [rapidly](#) raised interest rates in an effort to

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that rocked the US real estate market.

Although inflation has now somewhat [eased](#), officials have hinted that more hikes are underway. Investors anticipate a three-quarter-point rate hike when policymakers meet in September with the possibility of further hikes by the end of November. As the benchmark climbs, mortgage rates are likely to follow and that could spell trouble for a real estate market that is rapidly cooling on higher housing costs.

"Sellers are coming to terms with the fact that volatile mortgage rates have dampened demand," Chen Zhao, Economics Research Lead at Redfin, [said](#) in a housing report. "Some sellers are pricing lower, and some homeowners are staying put because they're nervous they won't get a good offer or they're hesitant to give up their low mortgage rate."

Indeed, homebuyer demand is fading. Data from Redfin [shows](#) that in July, homebuyer competition fell to its lowest level since the onset of the Covid-19 pandemic, a time when the US real estate market nearly came to a screeching halt.

According to the brokerage, 44.3% of home offers written by its agents faced competition on a seasonally adjusted basis in July, falling from a revised rate of 50.9% in June and 63.8% in 2021 and marking the sixth consecutive month of declines and the lowest reading on record with the exception of April 2020.

With more buyers sitting on the sidelines, home sellers are slashing their asking prices in markets across the country — some faster than others.

In popular home buying destinations like "[pandemic boomtowns](#)" housing prices are especially cooling. In Boise, Idaho for instance, [70%](#) of home sellers cut their asking prices in July, per Redfin.

As sticker shock and a lack of supply deter some potential homebuyers from the market, prices could continue to fall in the months to come.

It's what many Americans are banking on. An August Fannie Mae survey [found](#) that respondents anticipate a 0.4% decline in housing prices, compared to the 1.9% increase forecasted in the prior month's survey.

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